REPORT TO THE LEGISLATIVE ASSEMBLY OF MANITOBA

MAY 14, 2004

EARL E. BACKMAN

COMMISSIONER

FOR MLA PAY, ALLOWANCES AND RETIREMENT BENEFITS

104-05719/

I. Role, Mandate and Commission Review Process

1.1 Role and Mandate of the Commission

The Commission for MLA Pay, Allowances and Retirement Benefits was established pursuant to Bill 3, the Legislative Assembly Amendment and Consequential Amendments Act during the 4th Session of the 37th Legislature, and was assented to on December 12, 2002.

As a consequence of the recommendations contained in the most recent previous Commission's report of 1994, the Legislative Assembly committed to a review Commission being appointed within 6 months of future elections. The last election took place on June 3, 2003 and the Speaker, as Chairman of the Legislative Assembly Management Commission (LAMC), undertook to honor that intent.

LAMC chose to engage a one person Commission and, following consultations with all parties in the Legislature, on October 29, 2003 Mr. Earl Backman, the retired Brandon Regional Health Authority CEO and former City Manager from Brandon, Manitoba was installed as sole Commissioner.

The Commissioner was required to report back to the LAMC within 6 months and LAMC is obligated to convey the Commissioner's report/recommendations together with its own recommendation for acceptance or rejection to the Speaker. If the House is sitting, the Speaker is required to table the report within 15 days of receipt.

Members of the Assembly must vote on the Commissioner's report in totality, i.e. they cannot pick and choose selectively from among the recommendations. If they accept the report, the Commissioner must make the Regulations necessary to implement them. The term of office of the Commissioner ends one year after the day the Regulations are made or come into effect, whichever is later.

The Commissioner's mandate is set out in The Legislative Assembly Amendment Act, which appears below. In summary, the mandate covers all areas of basic compensation, travel, living and constituency allowances, retirement benefits, expense and living costs reimbursement, additional compensation for members of the Executive Council and leadership roles with additional duties in the Legislature.

S.M. 2002, c. 57
Bill 3, 4th Session, 37th Legislature

The Legislative Assembly Amendment Act

(Assented to December 12, 2002)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Manitoba, enacts as follows:

C.C.S.M. c. L110 amended

1 ***The Legislative Assembly Act*** *is amended by this Act.*

2 *Sections 52.6 to 52.20, and the headings before section 52.6, are replaced with the following:*

PART 2

REMUNERATION AND RETIREMENT BENEFITS

DEFINITIONS

Definitions

52.6 In this Part,

"commissioner" means the commissioner appointed under section 52.7; (« commissaire »)

"management commission" means the Legislative Assembly Management Commission continued under *The Legislative Assembly Management Commission Act*; (« Commission de régie »)

"member of the Executive Council" means a person appointed to the Executive Council under *The Executive Government Organization Act*. (« membre du Conseil exécutif »)

COMMISSIONER

Appointing a commissioner

52.7(1) The management commission must appoint a commissioner whose responsibility it is

(a) to review and make recommendations to the Assembly about the appropriate salary, allowances and retirement benefits for members; and

(b) when the Assembly accepts the recommendations, to make regulations to implement them.

When commissioner to be appointed

52.7(2) A commissioner is to be appointed within six months after each general election. But if a general election is held less than 42 months after the last general election, the management commission may defer the appointment of a commissioner until after the next general election.

Term

52.7(3) The term of office of a commissioner ends one year after the day the regulations made by the commissioner under section 52.12 are made or come into force, whichever is later.

Procedure

52.7(4) The commissioner may consult with interested individuals and groups when conducting a review.

SALARIES AND ALLOWANCES

Commissioner to recommend salaries and allowances

52.8(1) The commissioner must make recommendations about the following:

1. The annual salary for members.

2. The additional salary for members who hold the following positions:

    (a) the Speaker and Deputy Speaker;

    (b) the leader of the official opposition and leader of a recognized opposition party;

    (c) the elected deputy chairperson or other deputy chairperson of the Committee of the Whole House;

    (d) the elected permanent chairperson and vice-chairperson of a standing or special committee;

(e) the government house leader, house leader of the official opposition and house leader of a recognized opposition party;

(f) the government whip, whip of the official opposition and whip of a recognized opposition party;

(g) legislative assistant to a member of the Executive Council.

3. The additional salary for members of the Executive Council.

4. The additional living allowance for members who represent electoral divisions wholly or partly outside the City of Winnipeg, and the circumstances in which it is to be paid.

5. The additional constituency allowance for access and service to constituents, and the circumstances in which it is to be paid.

6. The additional allowance for members for travel, a vehicle allowance and mileage, and related expenses, and the circumstances in which it is to be paid.

7. The severance allowance for members who are not entitled to a severance allowance under section 52.21, and the circumstances in which it is to be paid.

8. The additional allowance, if any, for members of a standing or special committee for attending meetings during periods that the Assembly is not in session, or when a committee meets outside Winnipeg.

9. Any other salary or allowance for expenses the commissioner considers should be paid to members, and the circumstances in which it is to be paid.

Items to be included

52.8(2) The commissioner must also recommend, in relation to salaries and allowances,

(a) when and how they are to be paid;

(b) the period for which they are to be paid;

(c) the circumstances and manner in which they are to be prorated;

(d) whether they are to be adjusted for changes in the cost of living and, if so, when and how;

(e) what information about salaries and allowances is to be disclosed to the public; and

(f) any other matter the commissioner considers necessary or desirable.

RETIREMENT BENEFITS

Commissioner to recommend retirement benefits

52.9 The commissioner must make recommendations about

(a) retirement benefits for members, including the nature and amount of those benefits and how they are to be provided, and contributions toward those benefits; and

(b) disclosure to the public of information about retirement benefits.

REPORT TO THE ASSEMBLY

Report

52.10(1) Within six months after being appointed, the commissioner must submit a report to the management commission setting out his or her recommendations under sections 52.8 (salaries and allowances) and 52.9 (retirement benefits).

Extension

52.10(2) The management commission may extend the six-month reporting period in subsection (1).

Role of management commission

52.10(3) The management commission must review the commissioner's report and forward it to the Speaker, along with its own recommendations as to whether the Assembly should accept or reject the commissioner's recommendations.

Tabling the report and recommendations in the Assembly

52.10(4) The Speaker must table a copy of the commissioner's report and the recommendations of the management commission in the Assembly on any of the first 15 days on which the Assembly is sitting after the Speaker receives them.

Assembly may accept or reject recommendations

52.11(1) After considering the commissioner's report and the management commission's recommendations, the Assembly may, by resolution, accept or reject the commissioner's recommendations, but it may not amend them.

Subsequent report if recommendations rejected

52.11(2) If the Assembly rejects the commissioner's recommendations, the commissioner must consider them further and must, without delay, submit to the management commission another report, which is to be dealt with in accordance with section 52.10 and this section.

REGULATIONS

Regulations

52.12(1) When the Assembly accepts the commissioner's recommendations, the commissioner must without delay make any regulations he or she considers necessary or desirable to implement the recommendations.

Effective date of regulations

52.12(2) Regulations made by the commissioner come into force on the day specified in the regulations, which may not be earlier than polling day of the last general election before the commissioner's appointment.

Transitional regulations

52.12(3) Regulations made under this section may provide for any transitional matters that the commissioner considers necessary or desirable, but cannot abrogate rights that have vested under any retirement plan or arrangement under this Act.

Amendment by management commission

52.13(1) After a commissioner's term ends and before another commissioner is appointed, the management commission may make amendments of an administrative or technical nature to the regulations made under section 52.12.

Amendment re retirement benefits

52.13(2) At any time, the management commission may amend the regulations made under section 52.12 that deal with retirement benefits to ensure harmonization with other legislation.

Effective date of amending regulation

52.13(3) A regulation made by the management commission may be made retroactive to a date specified in the regulation.

Regulations must be published

52.14 *The Regulations Act* does not apply to regulations made under this Act, but they must be published in Part I of *The Manitoba Gazette*.

COMPUTATION RULES

Rules re commencement and termination dates

52.15 The following rules apply in determining a member's entitlement to salary and allowances:

1. A member is entitled to be paid the salary described in item 1 of subsection 52.8(1) as of the day of general polling in the election in which he or she is elected, and ceases to be entitled on the day he or she ceases to be a member.

2. A member is entitled to be paid the salary for a position described in item 2 of subsection 52.8(1) (an "additional position") as of the day he or she first holds the position, and ceases to be entitled on the day he or she ceases to hold the position.

3. A member who holds an additional position on the day the Assembly is dissolved is deemed to continue to hold the position until the day before the day of general polling at the next general election.

4. A member ceases to be a member

(a) on the day the member dies or resigns;

(b) when the Assembly is dissolved, on the day before the day of general polling at the next general election;

(c) if the member's election is declared void under *The Controverted Elections Act*, on the day the judgment that sets out the declaration is delivered;

(d) if the member's seat is vacated under section 18 or 20 for a reason other than disqualification from office under *The Legislative Assembly and Executive Council Conflict of Interest Act*, on the day the Speaker determines that the seat becomes vacant; and

(e) if the member is disqualified from office under *The Legislative Assembly and Executive Council Conflict of Interest Act*, on the day prescribed by that Act for the disqualification to occur or, if the disqualification results from a judgment of the Court of Queen's Bench, on the day the judgment is delivered.

Speaker may recognize leaders and others

52.16(1) The Speaker may recognize a member as holding the position of

(a) leader of the official opposition or leader of a recognized opposition party;

(b) government house leader, house leader of the official opposition or house leader of a recognized opposition party; and

(c) government whip, whip of the official opposition or whip of a recognized opposition party.

When member considered to hold the position

52.16(2) The Speaker may recognize a member as holding a position under subsection (1) retroactively to any day after the predecessor in that position ceased to hold the position.

Recognition by Clerk if no Speaker

52.16(3) If there is no Speaker and the Legislature is not in session, the Clerk of the Assembly may recognize a member under this section.

3 *Subsection 52.21(1) is amended by striking out* "indemnity and allowance described in clauses 52.15(1)(a) and (b)" *and substituting* "salary described in item 1 of subsection 52.8(1)".

4 *Section 52.25 is amended by striking out* "**indemnities and allowances described in clauses 52.15(1)(a) to (d) are**" *and substituting* "**salary described in items 1 to 3 of subsection 52.8(1) is**"

Existing regulation continued

5 *The* ***Indemnities, Allowances and Retirement Benefits Regulation,*** *which was made by the Indemnities and Allowances Commission on October 14, 1994, continues in force until replaced by regulations made under section 52.12 of* ***The Legislative Assembly Act*** *as enacted by section 2 of this Act.*

Transitional: retirement benefits for former members

6 *The first commissioner appointed under section 52.7 of* ***The Legislative Assembly Act*** *may make recommendations under clause 52.9(a) that address retirement benefits for those who were members at dissolution of the 37th Legislature but were not re-elected in the next general election.*

Coming into force

7 *This Act comes into force on polling day of the first general election following dissolution of the Assembly of the 37th Legislature.*

1.2 The Review Process

Ten years had passed since the 1994 review was undertaken to evaluate the appropriateness of compensation, allowances, benefits and constituency operational costs. The Commissioner set out to review the intervening years and evaluate how the present system relates to the realities of 2004.

Following the announcement of the Commission by the Speaker, provisions were initiated to publish the existence of the Review. A web site was established (www.reviewcommissioner.mb.ca) and existing information on compensation, allowances and benefits was posted for members of the public to access. A link to the website was established from the Legislative Assembly website to provide wider access.

In December of 2003 announcements were placed in 55 newspapers covering the entire province inviting interested citizens to express their opinions to the Commissioner. Both the web site and newspaper ads requested that submissions be made prior to January 31, 2004 in order for the review to be completed within the required 6-month period.

Individual invitations for participation were tendered to pertinent associations that had, or were expected to have, opinions to offer in this matter. These included the Manitoba Chamber of Commerce, the Manitoba Federation of Labour, the Association of Manitoba Municipalities, the Canadian Taxpayers Federation, the Manitoba Association of School Trustees, the Manitoba Association of School Business Officials, the Association of Former Manitoba MLAs, and the Manitoba Government Employees Union.

The responses ranged from cynicism expressed by individuals frustrated with government and any elected officials to recommendations for improved compensation and pensions to attract more experienced candidates to public service. During the 1994 review there was a high level of dissatisfaction with the formerly rich Federal Pension Plan, which seemed to translate into resentment against provincially elected Members having a pension plan. Both plans have been changed substantially and there was no public evidence of this resentment issue during this review.

During consultations, there was some recognition of the difficulty in recruiting credible candidates between the youthful exuberant stage and the more financially stable, mature stage in peoples' lives and careers. Several individuals urged the Commissioner to consider a compensation pension plan that would encourage successful people in the middle of their careers to consider running for office.

Comparative financial information and economic performance indicators were sought and obtained from all other provinces and territories in Canada. Compensation and pension plans offered in each jurisdiction were studied. Economic indicators showing Manitoba's performance relative to other provinces were reviewed. Most of these show Manitoba to be in the range of 5th to 7th place among the 10 provinces.

II. Members' Remuneration

2.0 Discussion

In any compensation evaluation process it is appropriate to attempt to compare relationships among similar workplaces and job functions. Elected officials toil in a very unique environment, unlike any other vocation. Whereas most employment circumstances dictate daily scheduled hours of work, with scheduled days off and some expectation of down time in a day and during the week, the life of an MLA can be totally different.

MLAs' workdays can be inordinately lengthy and their workweek (especially for Cabinet Members) rarely has free time due to the fact that constituency work, which due to obligations at the Legislature in Winnipeg, is usually performed at night and on the weekends. These generalizations are, of course, altered by the work ethic of each MLA, his/her obligations in the Legislature and whether or not he/she has Cabinet or other extra duties to perform.

Members of the Legislative Assembly have a very unique form of performance appraisal unlike any other vocation as well. Other than at election time, evaluation of MLA effectiveness is at best a subjective process, and while many businesses base their employees' pay structure on performance, this possibility is totally impractical for determining the compensation levels of our elected representatives.

It is also a unique reality that there are few prerequisites for a person to run for elected office. Consequently, MLAs can range in age and experience from youthful naivety to highly experienced and successful individuals. The will of the electorate gives us a wide profile range of MLAs. Creation of a compensation structure to reflect all of this is extremely difficult.

Faced with the foregoing realities, it is apparent that comparisons with other jurisdictions in Canada and comparisons of the economic activity and success of Manitoba relative to other provinces should be primary factors in determining how we taxpayers compensate our elected representatives.

It could be argued that the consequence of decisions made by our MLAs is far greater than that of many corporate executives but the consequences cannot be directly measured by return on investment or share value - especially in the short term. The consequence of error can be substantial both in terms of financial loss to our shareholders (taxpayers) and the future of our next generations. **Both sets of consequences are akin to those faced by corporate executives**.

The aforementioned public perception that, as a province, Manitoba is "somewhere in the middle of the pack" is actually borne out by most statistical research which depicts **Manitoba as being 5th to 7th within the ranges of most economic indicators. Extrapolating this logic to MLA compensation would not be unreasonable when we consider that MLAs have an opportunity to influence those indicators of economic performance by the choices they make in the Legislature. One could validly argue that this is the closest we can get to applying some form of performance indicator to MLA compensation.**

2.1 Basic Indemnity (Salary)

All MLAs receive the same $65,535[1] basic salary for performing as one of 57 elected Members of the Legislative Assembly of Manitoba. The Premier, Cabinet members and other specific leadership roles are compensated additionally dependant upon the position.

The following table demonstrates where Manitoba MLAs' basic salary fits compared to other Provincial MLAs, Federal MPs, and City of Winnipeg Mayor and Councillors. The term indemnity is used in various jurisdictions and has the same meaning as salary.

[1] All salary and allowance amounts pertain to the 2003/2004 fiscal year, unless otherwise noted. For comparison purposes, amounts for the 2004/2005 fiscal year were not available for all jurisdictions at the time this report was written. The basic salary for MLAs effective April 1, 2004 is $66,453.

Note that for jurisdictions that still have a tax-free component of salaries, we have "grossed up" the figures to provide for equivalent comparisons.

MLAs' Basic Salary

Jurisdiction	Annual Amount	Rank (incl.Terr.)	Rank (excl.Terr.)
Federal MP – Basic Indemnity	$139,200		
Mayor of Winnipeg	$129,155		
Winnipeg City Councillor	$65,172		
Provincial MLA/MNA			
Quebec	$103,530	1	1
Northwest Territories (A)	$95,540	2	
Northwest Territories (B)	$89,991		
Newfoundland	$86,276	3	2
Ontario	$85,240	4	3
Alberta	$75,539	5	4
British Columbia	$73,800	6	5
New Brunswick	$73,494	7	6
Saskatchewan*	$72,009	8	7
Manitoba	**$65,535**	**9**	**8**
Nunavut	$62,208	10	
Yukon (A)	$62,001	11	
Nova Scotia	$60,040	12	9
Yukon (B)	$58,703		
Prince Edward Island	$53,728	13	10

* The Commissioner notes that effective April 1, 2004 Saskatchewan's MLAs were scheduled to move up to $73,666 (equivalent). That increase has been deferred.

MLA Salaries, Grossed-up Tax-free Amount, Premier and Minister Compensation 2003/2004

Jurisdiction	Basic Salary 2003/2004	Tax Free Allowance 2003/2004	*Grossed up Tax Free Allowance	MLA TOTAL SALARY Basic+Gr.Up	Premier Additional Salary	PREMIER TOTAL SALARY	Minister Additional Salary	MINISTER TOTAL SALARY
House of Commons	139,200.00	0.00	0.00	139,200.00	139,200.00	278,400.00	66,816.00	206,016.00
Mayor of Winnipeg	67,934.10	33,915.70	61,221.00	129,155.10		129,155.10		129,155.10
Province/Territory								
Quebec	78,886.00	13,379.00	24,644.00	103,530.00	82,830.00	186,360.00	59,165.00	162,695.00
Newfoundland	46,086.00	23,043.00	40,190.00	86,276.00	66,587.00	152,863.00	48,276.00	134,552.00
NW Terriories[3]	80,140.86	6,208.10	9,850.00	89,990.86	60,952.00	150,942.86	42,892.00	132,882.86
Alberta	43,152.00	21,576.00	32,387.00	75,539.00	67,380.00	142,919.00	52,956.00	128,495.00
Ontario	85,240.00	0.00	0.00	85,240.00	67,595.00	152,835.00	36,057.00	121,297.00
Nunavut	60,800.00	1,000.00	1,408.00	62,208.00	63,200.00	125,408.00	53,200.00	115,408.00
British Columbia	73,800.00	0.00	0.00	73,800.00	45,000.00	118,800.00	39,000.00	112,800.00
Saskatchewan	63,540.00	5,199.00	8,469.00	72,009.00	57,393.00	129,402.00	40,176.00	112,185.00
New Brunswick	40,565.95	20,282.97	32,928.00	73,493.95	54,331.23	127,825.18	36,221.57	109,715.52
Nova Scotia	33,256.30	16,628.15	26,784.00	60,040.30	55,736.69	115,776.99	39,708.00	99,748.30
NW Terriories[4]	80,140.86	9,594.33	15,400.00	95,540.86	0.00	95,540.86	0.00	95,540.86
PEI	35,967.00	11,250.00	17,761.00	53,728.00	58,871.00	112,599.00	41,585.00	95,313.00
Manitoba	**65,535.00**	**0.00**	**0.00**	**65,535.00**	**46,397.00**	**111,932.00**	**29,001.00**	**94,536.00**
Yukon[1]	35,664.00	15,570.00	23,039.00	58,703.00	28,971.00	87,674.00	21,147.00	79,850.00
Yukon[2]	35,664.00	17,832.00	26,337.00	62,001.00	0.00	62,001.00	0.00	62,001.00

[1]Commuting within Whitehorse.
[2]Commuting from outside Whitehorse and Members of Executive Council.
[3]Commuting within Yellowknife.
[4]Commuting from outside Yellowknife and Members of Executive Council.

Date of Information:	***Explanation: Re Grossed up Tax Free Allowance:**
Most current information available from website; Correspondence; September, 2003 Survey; or December 2003 updates.	"Grossing up" of Tax Free Allowances was done to provide more equitable comparisons. Mr. Peter Eckersley, of the Chartered Accountancy firm of Meyers Norris Penny performed all of the "grossing up" calculations for the Commission utilizing the tax structure in each Province/Territory and used the following assumptions: individual income earner with basic deductions; 2003 tax rates; no other income; CPP payable; EI exempt. All other numbers in the table were supplied from Commission research of comparable jurisdictions.

MLA Salaries, Grossed-up Tax-free Amount, Premier and Minister Compensation 2003/2004

Jurisdiction	Basic Salary 2003/2004	Tax Free Allowance 2003/2004	*Grossed up Tax Free Allowance	MLA TOTAL SALARY Basic+Gr.Up	Premier Additional Salary	PREMIER TOTAL SALARY	Minister Additional Salary	MINISTER TOTAL SALARY
House of Commons	139,200.00	0.00	0.00	139,200.00	139,200.00	278,400.00	66,816.00	206,016.00
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***Explanation: Re Grossed up Tax Free Allowance:**

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Observations:

Provincial MLA basic compensation ranges from $53,728 in PEI to $103,530 in Quebec.

Manitoba MLAs presently earn less than ½ that of a Federal Member of Parliament.

Manitoba MLAs earn approximately $360 more than a Winnipeg City Councillor.

Manitoba MLAs earn approximately ½ that of the Mayor of Winnipeg.

At $65,535 Manitoba MLAs are 8th out of 10 provinces, and 9th including Territories.

Manitoba's Western neighbor, Saskatchewan pays $72,009 total basic salary.

Manitoba's Eastern neighbor, Ontario pays $85,240 total basic salary.

Recommendation # 1 - Basic Salary - Re Section 2.1 of the Members' Guide

That the basic salary for Manitoba MLAs be revised with a goal of achieving improved equity with Saskatchewan over a three-year period, in accordance with the following stages:

> ***Effective April 1, 2005 it be set at $70,000***
>
> ***Effective April 1, 2006 it be set at $73,500***
>
> ***The Commissioner would have preferred, and was initially prepared, to recommend that these changes become effective one year earlier. They are being deferred because of fiscal challenges facing Manitoba at this time.***

Rationale:

This will not change MLAs' basic salary from the 8th position in the provincial pattern but it will make progress towards a match with our most comparable sister province of Saskatchewan. The Commissioner notes that prior to finalizing this report, it was

expected that the basic salary in Saskatchewan would already have increased to $73,666 equivalent as scheduled. Due to difficult budgetary decisions, that increase is being deferred. Because Manitoba has faced substantial fiscal pressures as well, the Commissioner is deferring the increase for one year. This deferral will serve to exacerbate the inequities, but is provided as a response to fiscal reality.

2.2 Additional Salaries

Remuneration for positions of additional responsibility is individually specified for 17 roles within the Legislature. These include the Premier, Ministers, Speaker, Deputy Speaker, Leaders of the Opposition, House Leaders, Whips, Committee Chairs and Vice Chairs, and Legislative Assistants.

In the opinion of the Commissioner, the previous Commission in 1994 did a commendable job of setting up a form of relativity between and among these positions. However, that Commission in its 1994 report acknowledged that the Premier and Cabinet Members were paid considerably less than many parts of Canada at that time and only substantial restraint prevented more corrective action at that time.

It is now very apparent 10 years later the compensation levels of Cabinet Members and especially the Premier have now drifted further towards the bottom of the list.

The Commissioner has concluded that the Premier and Cabinet Ministers are considerably under valued relative to most Provinces/Territories and substantial corrective action is warranted. This must be tempered by budgetary concerns, however.

2.2.1 Additional Salary - Premier

The following table demonstrates the relative position of **total compensation** (including basic salaries) for each Premier in Canada. For comparative purposes the Mayor of Winnipeg and Federal MPs have been included in the list. Amounts for those jurisdictions that still use tax-free portions of compensation have been "grossed up" for more understandable comparisons.

Premiers' Total Compensation

Jurisdiction	Annual Amount	Rank (incl.Terr.)	Rank (excl.Terr.)
Prime Minister	$278,400		
Mayor of Winnipeg	$129,155		
Provincial Premiers			
Quebec	$186,360	1	1
Newfoundland	$152,863	2	2
Ontario	$152,835	3	3
Northwest Territories	$150,943	4	
Alberta	$142,919	5	4
Saskatchewan*	$129,402	6	5
New Brunswick	$127,825	7	6
Nunavut	$125,408	8	
British Columbia	$118,800	9	7
Nova Scotia	$115,777	10	8
Prince Edward Island	$112,599	11	9
Manitoba	**$111,932**	**12**	**10**
Yukon	$87,674	13	

* The Commissioner notes that as of April 1, 2004, Saskatchewan's Premier was scheduled to move to $132,379. That increase has been deferred.

Observations:

Manitoba ranks 10th out of 10 for provincial premiers' compensation and 12th out of 13 when all Territories are included.

Manitoba's Premier earns approx. $74,000 less than the highest - Quebec.

Ministers in 7 Canadian provinces earn more than our Premier.

The Premier earns $17,000 less than the Mayor of Winnipeg and the Premier of Saskatchewan. (Mayor's tax-free portion has been "grossed up").

Deputy Ministers typically earn approximately $22,000 more than the Premier, and more than $38,000-$40,000 more than a Cabinet Minister.

The following is a direct quote from the 1994 Commission report:

"*Although it is difficult to directly compare the responsibilities of the Premier, Executive Council and leaders of the opposition parties with positions in either the private or public sector, it is interesting to note the differences in compensation levels. In our view, ministers of the crown and leaders of the opposition parties should at least be comparable to the CEO of any small or medium sized crown corporation in Manitoba; the Premier should certainly be comparable to a CEO in a major crown corporation. However, the Premier, ministers, and the leaders of the opposition parties currently receive less than any crown corporation CEO in Manitoba. They also receive less than university presidents, superintendents in large school divisions, and the mayor of the city of Winnipeg. In comparison to senior civil servants the Premier, Ministers and the Leader of the Official party earn less than the top level of either a deputy or an assistant deputy minister.*"

That statement is even more appropriate now than it was 10 years ago. In the opinion of the Commissioner, insufficient corrective adjustments were made in 1994 and applying small increments (equivalent to the change in average weekly earnings of Manitobans) to a deflated base in the subsequent 10 year period has served only to exacerbate the differentials and the gaps have widened in appropriate relationships. While it would be tempting to correct these inequities quickly, the Commissioner is very cognizant of the difficult budgetary decisions facing Members of the Legislative Assembly at the same time as this report is being considered. It is also a very difficult, if not impossible, task for MLAs to vote on anything that affects their incomes directly without being accused of 'feathering their own nests"!

What is an appropriate relationship in this instance??? The Commissioner feels, and believes that most Manitobans as well, feel comfortable with our elected representatives' compensation falling "somewhere in the middle of the pack", to quote several respondents. The Commissioner also feels, as in the previous instance in the discussion on compensation for basic indemnities for MLAs, that **our economic performance as a province is a reasonable and appropriate indicator to use in positioning our Premier's and Ministers' compensation. It is most appropriate in the instances of the Premier and Cabinet because they most directly have influence on the success of our province**.

A sampling of economic indicators in the following table demonstrates that Manitoba as a province typically ranks from 5th to 7th. Source: Manitoba Bureau of Statistics (Data current as of February, 2003)

Economic Indicators

Five Year Average 1998-2002	RANK
Capital investment (Millions of Dollars)	6th
Manufacturing Investment (Millions of Dollars)	6th
Retail Trade (Millions of Dollar)	5th
GDP-Basic Prices (Millions of 1997 Dollars)	5th
Average Weekly Earnings (Dollars)	7th
Employed Labour Force (Thousands of Persons)	5th
Housing Starts (Number of Persons)	7th
Minimum Wage (Hourly rate)	6th

Recommendation # 2 - Premier - Re Section 2.2 of the Members' Guide

That the Additional Salary for the Premier of Manitoba be revised with a goal of achieving improved equity with the Premier of Saskatchewan over a three-year period, in accordance with the following stages:

> ***Effective April 1, 2005, change to $52,000 which, when added to the basic salary for MLAs ($70,000), will move the Premier to a total compensation of $122,000.***
>
> ***Effective April 1, 2006, change to $59,000 which, when added to the basic salary of $73,500 will move the Premier to a total compensation of $132,500.***
>
> ***The Commissioner would have preferred, and was initially prepared, to recommend that these changes become effective one year earlier. They are being deferred because of fiscal challenges facing Manitoba at this time.***

Rationale:

The Premier is substantially under-paid for the level of responsibility and obligations of his leadership role. These compensation changes will partially reduce the gap that has developed and will move the Premier's compensation towards the "middle of the pack" in 7th place closer to the Premiers of Saskatchewan and New Brunswick.

He will still earn approximately $60,000 less than the highest paid Premier but his compensation will match more closely the performance of our province and put Manitoba in a grouping that most Manitobans have indicated is appropriate.

This will still leave the Premier at least $7,000 lower than the Mayor of Winnipeg as of April 1, 2005 but will be more competitive with both the Winnipeg Mayor and Premier of Saskatchewan by 2006 (at which time both are likely to be further ahead of our Premier). This is an interesting irony when one considers the magnitude and breadth of responsibility of a Mayor compared to that of a Premier. One could reasonably expect that the Premier of a province should earn more than the mayor of any of its cities but there are no conventional rules governing this matter.

The Commissioner notes that Saskatchewan's Premier, who presently earns $129,402, was scheduled to move to $132,379, as of April 1, 2004. However, due to difficult budgetary decisions, that increase has been deferred. The Commissioner is likewise deferring the recommended increases in the Premier's salary by one year, consistent with the deferral of the increases in the basic salary in the previous section and the Ministers' additional salary in the following section.

2.2.2 Additional Salaries - Ministers/Speaker/Opposition Leader

MLAs of the governing party appointed to the Executive Council as Cabinet Members receive additional remuneration for that extra responsibility and workload. At the present time this additional remuneration amounts to $29,001. This is the same additional remuneration accorded to the Leader of the Official Opposition. The Speaker in Manitoba is presently awarded a lesser amount than Ministers even though he/she has full time obligations that many would maintain are equal to or greater than some ministries. The same amount is allocated to all Ministers regardless of the workload of their portfolio. While this may seem inherently unfair, no one has successfully found a way to avoid it and the Ministers themselves acknowledge there is no practical way to alleviate it.

It is also a fact of life that from time to time the Premier shuffles portfolio obligations between and among his/her Members and the workload changes accordingly - and sometimes unevenly.

The following table demonstrates the relative **total compensation** (including basic salary) received by Ministers across Canada. Jurisdictions in which tax-free allowances are still paid have had their numbers " grossed up for more accurate comparisons".

Ministers' Total Compensation

Jurisdiction	Annual Amount	Rank (incl.Terr.)	Rank (excl.Terr.)
Federal MP – Basic Indemnity	$139,200		
Federal Minister	$206,016		
Mayor of Winnipeg	$129,155		
Provincial Ministers			
Quebec	$162,695	1	1
Newfoundland	$134,552	2	2
Northwest Territories (A)	$132,883	3	
Alberta	$128,495	4	3
Ontario	$121,297	5	4
Nunavut	$115,408	6	
British Columbia	$112,800	7	5
Saskatchewan*	$112,185	8	6
New Brunswick	$109,715	9	7
Nova Scotia	$99,748	10	8
Northwest Territories (B)	$95,541		
Prince Edward Island	$95,313	11	9
Manitoba	**$94,536**	**12**	**10**
Yukon (A)	$79,850	13	
Yukon (B)	$62,001		

*Saskatchewan's scheduled amount for April 1, 2004 was $114,766. That increase has been deferred.

Observations:

Total compensation for each of the Ministers and the Leader of the Official Opposition in Manitoba ranks 10th out of 10 provinces, and 12 out of all 13 provinces and territories.

Ministers earn in excess of $17,000 less than their Saskatchewan counterparts. This differential would have grown to $18,905 on April 1, 2004 with the scheduled increases in Saskatchewan.

Cabinet members in Manitoba earn approximately 45% of their Federal counterparts.

Manitoba Ministers earn approximately $34,000 less than the Mayor of Winnipeg and approximately $29,000 more than a Winnipeg City Councillor.

Ministers earn approximately $38,000 less than typical Deputy Ministers. It is not uncommon for a Minister to have responsibilities for more than one department.

Many Cabinet Ministers face 7-day weeks with their Legislative obligations occupying the weekdays and evenings, and constituency work and social obligations occupying the weekend. For this they have been compensated an extra $29,001 annually beyond that of a base MLA. The Commissioner regards this as very low for the onerous extra workload and responsibility that goes with the roles.

The Leader of the Official Opposition has province-wide obligations as well as Legislative duties in the House. This role has been afforded the same treatment as Ministers in the past and the Commissioner agrees with that approach.
The Speaker receives a $4,641 smaller salary than Ministers and the Commissioner feels that this appears to be more historical than logical. The role of Speaker has evolved to the point that most MLAs (government and opposition) feel that the Speaker deserves more comparable rewards for his/her extensive and critical role.

Recommendation # 3 - Ministers/Speaker/Leader of the Official Opposition - Re Section 2.2 of the Members' Guide

That Ministers, the Speaker and the Leader of the Official Opposition receive the same Additional Salary and that it be revised over three years to make it more competitive with Saskatchewan:

> ***Effective April 1, 2005, the additional salary be set at $34,000 which, when added to their basic salary of $70,000, brings their total compensation to $104,000.***
>
> ***Effective April 1, 2006, the additional salary be set at $40,000 which, when added to the basic salary of $73,500, will increase the total to $113,500.***
>
> ***The Commissioner would have preferred, and was initially prepared, to recommend that these changes become effective one year earlier. They are being deferred because of fiscal challenges facing Manitoba at this time.***

Rationale:

This will move total Ministerial compensation from 10th to 8th in year 1 and to 7th in year 2. It will still be a little behind Saskatchewan since their plan was to have Ministers at $114,766 as of April 1, 2004. This will correlate much better with most of the economic indicators for our Province. This will still be almost $26,000 less than a Federal MP; $93,000 less than a Federal Minister; and still more than $15,000 less than the Mayor of Winnipeg, but in the opinion of the Commissioner represents the best balance that we can afford to achieve at this time.

When contract negotiations take place in Manitoba for collective agreements it is very common to compare Manitoba to the Western provinces and there are frequent attempts to use a "prairie average" to leverage Manitoba numbers. A "prairie average" is usually skewed upward by Alberta with Manitoba and Saskatchewan being relatively close but virtually always lower.

Most Manitobans concede that Manitoba cannot compete directly with B.C., Alberta, Ontario and Quebec but there has always been an expectation that Manitoba compete favorably with Saskatchewan. In the private sector there is an even stronger resignation

to the fact that compensation levels are higher in Alberta and B.C. and Manitoba firms usually accept their role in the next quadrant of compensation levels - but constantly strive to maintain relative equity without losing competitiveness. Obviously there is little inter-provincial migration of Ministers of the Crown but nonetheless it is reasonable to attempt to provide fair and equitable compensation to the participants in our Provincial Legislature.

2.2.2 Additional Salaries - Other Leadership Positions

Traditionally, there are a number of other leadership roles within the operation of the Legislative Assembly that receive extra remuneration for those extra duties. These roles have similar names amongst Legislatures but the roles and the extent to which they occupy MLAs' time varies greatly from Legislature to Legislature. There are less obvious patterns in the compensation structures in these roles than there are for MLAs, Premiers and Ministers.

The 1994 Commission put in place a methodology for updating compensation for these positions and barring different recommendations from this Commissioner, automatic updates will be put in place effective April 1, 2004. The following table shows these positions and the COLA changes scheduled for April 1, 2004 and supported by this Commissioner. The Commissioner further recommends that the roles of Caucus Chairs be recognized for compensation as they are in many other provinces.

Leadership Role	Indemnities	Incl. 1.4% COLA
Deputy Speaker	$8,122.00	**$8,236.00**
Deputy Chair – Cmte Whole House	$5,802.00	**$5,884.00**
Government House Leader	$8,122.00	**$8,236.00**
Government Whip	$5,802.00	**$5,884.00**
Off. Opp. House Leader	$5,802.00	**$5,884.00**
Off. Opp.Whip	$4,643.00	**$4,708.00**
Leader Second Opposition	$23,200.00	**$23,525.00**
2nd Opp.House Leader	$4,643.00	**$4,708.00**
2nd Opp.Whip	$3,483.00	**$3,532.00**
Minister w/o Portfolio	$23,200.00	**$23,525.00**
Legislative Assistant/Secretary	$3,483.00	**$3,532.00**
Permanent Chair-per meeting	$149.00	**$152.00**
Permanent Chair-Max.per year	$3,483.00	**$3,532.00**
Permanent Vice Chair-per meeting	$149.00	**$152.00**
Permanent Vice Chair-Max per year	$2,902.00	**$2,943.00**
Government Caucus Chair-Annual	N/A	**$3,532.00**
Off.Opp.Caucus Chair-Annual	N/A	**$2,943.00**

Recommendation #4 - Other Leadership Positions - Re Section 2.2 of the Members Guide

That persons recognized by the Speaker as holding the following positions be paid an additional annual salary as follows effective April 1, 2005:

Government Caucus Chair	***$3,532***
Official Opposition Caucus Chair	***$2,943***
Second Opposition Caucus Chair	***$2,343***

2.3 Cost of Living Adjustment

Traditionally a cost of living adjustment is applied to the basic salary and to each additional salary on April 1 of each fiscal year. This adjustment is the increase or decrease in the average weekly wage for Manitoba between the immediately previous year and the year before that previous year. The adjusted amount has been rounded up to the nearest dollar. This process creates some unnecessary administrative workload that is easily rectified.

Recommendation # 5 - Cost of Living Adjustment(COLA) - Re Section 2.3 of the Members' Guide

That the existing COLA for the basic and additional salaries continue to apply, with the following exceptions:

- ***Instead of applying the COLA on April 1, it should be applied at the beginning of the pay period that includes April 1.***
- ***When applying COLA, amounts should be rounded to the nearest dollar.***
- ***COLA for the basic salary, and for the additional salaries for the Premier, the Ministers, The Speaker and the Leader of the Official Opposition, does not apply until the pay period that includes April 1, 2007.***

Rationale:

Staff time is presently needlessly consumed by interpolative calculations dictated by annual changes on April 1 as opposed to occurring on the first day of a pay-period.

2.4 Deductions from Indemnities

This section deals with both statutory and voluntary deductions made from a Member's pay and most of it is beyond the Commissioner's jurisdiction. It includes reference to authorizing deductions for contributions to a Member's RRSP and/or Tax Paid Trust. It should be understood that if the recommendation in the following section on retirement plans is adopted, that the necessary deductions are authorized here as well.

2.5 Reporting and Disclosure Requirements

The Commissioner notes with approval the existing provisions for reporting and disclosure. While it is evident from some comments received that the public is not fully aware of the extent to which they can access this information, it is also evident that the media is much more aware of and does effectively utilize the options when of interest and value to them. The Commissioner recommends no change to this section.

III. Personal Benefits

3.1 Standard Health Benefits

This and the following two sections are standard to all Members and are excluded from the mandate of the Commissioner in this review. Details of existing provisions are included in the Members' Guide.

3.2 Optional Health Benefits See 3.1 above.

3.3 Group Life Insurance See 3.1 above.

3.4 Registered Retirement Savings Plan (RRSP) and Tax Paid Trust

At the present time in **Manitoba** there are three plans in different states of activity that allow for Members' retirement savings. Prior to the Commission report in 1994 Members contributed to a Defined Benefit Pension Plan. This Plan was suspended when a new RRSP Plan was introduced in 1995. The previous Plan is being administered as a "Deferred Pension" for Members who are still serving. Those who have retired in the intervening years receive a pension from the old Plan and the proceeds from their post 1995 individual RRSPs as well. Members elected since 1995 have only the RRSP option.

Since April 1995, Members have been eligible to contribute 7% of their total pay to one or more RRSPs of the Member's choice, including a spousal RRSP. The Crown makes a matching 7% contribution.

If a Member is not able to contribute his/her full 7% and matching 7% to a RRSP, the Member may elect to contribute to a Tax Paid Trust. This may happen due to individual circumstances of a Member where for a variety of reasons there is insufficient or no pension room to allow for a RRSP contribution (or by personal choice).

Historical comment:

In the early 1990s there was a very high level of dissatisfaction among members of the public about the apparently "luxurious" Federal Pension Plan for Members of Parliament. Canada was also in the throes of rectifying a deficient Canada Pension Plan that would eventually become bankrupt for future retirees unless major surgery was performed. The Federal Plan for MPs was legitimately creating substantial animosity amongst taxpayers and this anger translated partially into a distaste by the public for pension plans for public servants and especially for elected officials. Consequently in the mid 1990s several provinces moved to distance themselves from this rancor by changing/eliminating their pension plans for elected Members.

Major changes in pension arrangements took place in the following provinces in the last 10 years:
Quebec 1992; Alberta 1993; Prince Edward Island 1994; Ontario 1995; Manitoba 1995; British Columbia 1996; and Saskatchewan 2002.

In Manitoba, there was dissatisfaction with the pension-determining accrual rate of 3%, which was at least 50% higher than most other plans in effect in the province at that time, and indeed still are today. There was also animosity towards the fact that MLAs could retire very early - much earlier than the rest of the population could anticipate. Members needed only 8 years of service or 3 terms and age and service totaling 55 to be eligible for retirement.

In **Alberta,** the MLA Pension Plan was abolished in 1993 and in its place is a provision for a RRSP allowance equal to 50% of the maximum RRSP limit as established by the *Income Tax Act of Canada.* (e.g. 50 % of $14,500 for 2003; 50% of $15,500 for 2004) The abolition of the Pension Plan in Alberta can be a bit deceiving on its own; however, because that province has a generous Severance Allowance for Members when they leave elected office.

In **Saskatchewan,** Members belong to a Money Purchase Plan originally established in the 70s but transferred to the Public Employees pension fund in September of 2002. They contribute 9% of their indemnity and annual expense allowance and 9% from any additional duty amounts they receive. The Province matches this 9% amount. The matching amount is increased by 2% for Members who are aged 41-49 when first elected, and by 4% for Members who are aged 50 plus when first elected. Members may also make voluntary unmatched contributions to the Plan. All contributions are fully vested and locked in after 1 year of service. Members may retire as early as 50 and pensions are provided in the form of a guaranteed life annuity purchased with the Member's equity in the Plan at the time of retirement. The Member decides when to start drawing pension following departure from elected office.

New Brunswick has a Defined Benefit Pension Plan that has been in effect since 1968. Members and the province each contribute at 9% of basic indemnities and 6% of additional indemnities. The accrual rate used for determining pension amounts is 4.5% for Member service plus 3% for service as a minister. For brevity sake, many details of this Plan are not included here.

British Columbia's Pension Plan was terminated in 1996 and replaced with a Group RRSP. Members elected prior to 1996 still have eligibility for the previous Plan based on 5% of the best 3 years' worth of earnings prior to 1996. The Group RRSP Plan now allows Members to contribute 9% of basic compensation as a taxable benefit (offset by a receipt from the Plan's carrier) with options for a further 9% as supplement - if a Member is unable to contribute to the RRSP then he/she receives 9% equivalent as an addition to his/her basic salary.

Nova Scotia has a Defined Benefit Pension Plan in place since 1954. Members contribute at a rate of 10% on their entire indemnity, salary and tax-free allowance for a maximum of 15 years. The province matches the 10% contribution. Pension age is 55 but provisions exist for retirement as early as 45 with a penalty of ½% per month prior to

age 55. The accrual rate used to determine the pension is 5% and the salary rate used is the average of the last 3 years inclusive earnings.

Newfoundland and Labrador has a Defined Benefit Pension Plan that has been in place since 1975. Members and the province contribute at the rate of 9% each. The accrual rate used to determine pensions is 5% for the first 10 years service and then either 4% or 2.5% thereafter depending upon their election dates (pre or post Feb. 22,1996). The best 3 years earnings are used as the base for computing the pension.

Ontario had a Defined Benefit Pension Plan until June of 1995 when it was changed to a very unique plan among provinces. Nova Scotia Commissioner Donahue, in his Report on Remuneration of Elected Provincial officials provided to the Nova Scotia Legislature in December 2003, described the Ontario Plan as "***what is sometimes referred to as a Money Purchase Plan but it is in effect a non-contributory contribution plan***." In this Defined Contribution Plan, Members contribute nothing and the Province contributes 5% of the Member's total compensation. The Member has the benefit of free financial planning to assist him/her to make investment decisions about the contributions within a range of mutual fund products offered through the fund administrator. After at least 5 years and age 55, the Member's pension will be determined by the value of his/her account. Additionally Ontario offers a Group RRSP for which participation is voluntary.

Quebec has a form of Defined Benefit Pension Plan that is somewhat unique in that Members contribute 9% of their indemnity to a maximum of $98,413 but the province contributes nothing initially. The pension would be 1.75% of the amount of the annual indemnity on which the pension contributions were made for each year of pensionable service. Pension age is 60 without penalty and reduced amounts are payable as early as 50.

Prince Edward Island has a Defined Benefit Plan, which was altered in 1994 with Member contributions at a rate of 8% of the basic indemnity and 0 % on the supplemental portions. However, the benefit is calculated at 25% of Members' contributions indexed at CPI to a maximum of 8%.

The Federal Plan for Members of Parliament now provides for 7% Members' contributions mandatory on their basic indemnity and 7% voluntary on any other additional salary or allowances. Their pension is now payable at 55 years of age after a minimum of 6 years service. The accrual rate for pension determination is 3% and the average of the best 5 years is also used as the multiplier.

Observations:

Five of 10 provinces and 8 of 13 including Territories offer Defined Benefit Pension Plans.

Three provinces, including Manitoba, abandoned pension plans in the mid 90s when public acrimony was high respecting "plush" pensions for elected officials.

The other provinces offer some form of individual or group RRSP Plan, money purchase plan or, in Alberta's case, no pension plan but they have a more generous severance allowance than most other provinces.

The RRSP offering in Manitoba provides for excellent individual choice and truly "portable" benefits irrespective of the number of years a Member serves. However, it is evident to the Commissioner that there is far less than universal support among Members of the Manitoba Legislature for the RRSP Plan that was adopted in 1995.

The absence of a Pension Plan for Members probably contributes to eliminating a sector of Manitoba citizenry from running for elected office; especially those in mid-career pension-based employment where they cannot "afford" or are reluctant to consider breaking the continuity of their contributory years.

Manitoba's contribution rate to RRSPs of 7% matched by the Province is among the lowest in Canada. Most other provinces are at 9% and some are at 8% or 10% for either Defined Benefit or RRS Plans. The Federal Plan contribution rate is also now 7%.

However, the rates for other private and public pension plans in Manitoba are 7% and lower.

For the self-employed or the well-to-do, or for the individual who is successful or who prefers to direct their own investments, the RRSP approach can be a good choice. For others it can be a factor in discouraging public participation.

Under the heading, "Hindsight is 20-20" it would have been preferable to fix the problems with the old Defined Benefit Plan than to discard it entirely. However, public resentment of pension plans for elected officials was a strong driving force 10 years ago.

The Commissioner heard little acrimony this time around. On the contrary there appears to be a higher level of expectation and acceptance of pension plans for elected officials. However, the critical factor in that acceptance appears to be the necessity of the plans mirroring the society the elected officials serve. The public does not accept public officials voting themselves benefits that are excessively out of touch with the benefits available to the taxpayers who pay the bills.

Recommendation # 6 - Pension Plan - Re Section 3.4 of the Members' Guide

That the existing RRSP Plan remains available to Manitoba Members as an option.

That a Defined Benefit Pension Plan be made available as a time-limited sign-up alternative option for existing and newly elected future Members with the following major principles of operation:

- ***7% contribution rate by the Member on all basic and additional indemnities;***
- ***Full vesting of contributions after 1 year of service;***
- ***Normal retirement age of 55;***
- ***Accrual rate of 2% for pension calculation purposes;***

- *The average of the best 5 years of eligible total compensation since 1995 be used in the computations.*

That existing Members be allowed to purchase eligible prior service back to 1995 at the full actuarial cost of same by transfer from their own RRSPs at present value or payment by cash. If legislation allows, severance pay for "grandfathered" MLAs with pre-1995 service can be used to purchase past service at the time of retirement.

That other provisions resemble the Civil Service Superannuation Plan for Government employees as closely as possible and practical.

That the Civil Service Superannuation Board be the Administrator of this Plan.

In order for existing Members to access this option it is suggested that a six month time limit be placed on the decision to sign up and further it should be a one time only option that is not available later. The same option period should be available for newly elected Members in the future.

Future Consideration

It is further strongly suggested that the Legislative Assembly consider appropriate legislation that will encourage, enable and possibly require employers and administrators of other pension plans to be accommodating to plan members who have succeeded in their quest to become MLAs. Once the MLA Plan is re-established, reciprocity with other plans should be vigorously pursued in order that more members of the work force in mid-career could choose to run for elected office.

Urgent Need for Honorable Debate on the Pension Issue!

We have all witnessed a form of hypocrisy on the part of some MPs in Ottawa when speaking in the House of Commons against pension provisions while under the protection of a known majority vote they were about to lose. The hypocrisy showed up later when those speaking against the legislation signed up to benefit from it. Given this recommendation allows Members to make a choice, it is the hope of the Commissioner that debate on this topic can be devoid of hypocrisy and that each Member speaking on the topic will back up his/her comments with appropriate action subsequent to the vote.

"Five Year Issue"

The following represents a "sidebar" discussion presented by the Commissioner in response to an issue that was raised by several respondents. It does not constitute a formal part of this Commissioner's recommendations and is noted in order to highlight an interpretational disagreement that has arisen since the 1995 Commission recommendations were implemented. This Commissioner wishes to emphasize that this was not part of the scope of work delegated to him nor was the Commissioner requested to form a recommendation on the course of action to be followed. Only the Legislative Assembly can decide whether or not it wishes to take further action.

The issue originates with the provisions of the former Members' Pension Plan, which was suspended in 1995. Under that plan, the **last five** years of service of a Member were to be used to compute the Member's pension upon retirement. The plan was replaced by a contributory RRSP type plan that allowed both the Member and Province to contribute 7% to an RRSP of the Member's choice. This has continued to this day.

The previous plan is being administered as a 'deferred pension' payable upon the Member's eventual retirement. No further contributions were made since 1995 although the plan administrator is applying an annual COLA adjustment. For computation purposes the five years just prior to 1995 are being used to determine the amount of the pension.

It appears clear to this Commissioner that the previous Commission's intent was to replace the previous pension plan with an RRSP plan and to leave the old plan in place to be paid as a deferred pension based on the inputs to that point in time. Some Members contest this intention quoting third party unrecorded conversations held at the time and they also refer to the inability of the previous Commission to reduce benefits retroactively. These Members claim that using the 5 years prior to 1995 and not using the last 5 years of total Members' service effectively reduces a benefit the Members had prior to 1995. Legislation was not changed to eliminate this provision as it was not expected to contribute to a subsequent dispute and was needed for pension computations.

The plan administrator has sought legal advice and it believes it is operating in accordance with the intentions of the 1995 Commission. It is also evident that if the last 5 years' of a Member's service is used instead of the 5 years prior to 1995, in tandem with a subsequent continuous 7% RRSP contribution, it could be interpreted as "having one's cake and eating it too!" It is not normally reasonable to expect that the value of a pension would grow with subsequent increases in income when no further contributions are being made based on that increased income.

There appears to be a difference between the "letter of the law" and the intentions of the lawmakers in 1995. Only the Legislative Assembly can correct or clarify this situation, either by making the legislation match the present administrative interpretation of the 1995 intentions, or by honoring the letter of the legislation which was in place prior to 1995 and remains in place today.

3.5 Severance Pay

Members who were Members immediately before the April 25th, 1995 general election continue to be eligible for severance pay when they cease to be a Member for any reason. The exception is a Member who is disqualified or convicted of a major criminal offense. Severance pay is calculated at one month's current basic salary for each year of service and prorated for part of a year of service. Minimum severance is 3 months' pay and the maximum is 12 months' pay. Only re-elected Members at that time continue to be eligible. The 1995 Commission initiated a change from a Severance Pay plan to a Transition Allowance.

Observations:

20 MLAs remain eligible for this provision, having been elected before April 25th, 1995.

17 of those 20 Members have already accumulated 12 months of pay eligibility, and it is projected that all 20 will have the maximum by the time of the next election call.

At the present basic salary rate this translates to the maximum of $65,535.

3.6 Transition Allowance

All Members who were elected following April 25th, 1995 are eligible for a Transition Allowance in lieu of the former Severance Pay. However, instead of eligibility being triggered by "leaving" the Legislature, the new Transition Allowance is presently payable to only those MLAs who leave by way of defeat.

The present Transition Allowance is calculated at one month's basic salary for each year of service and prorated for part of a year of service. The minimum is one month's pay and the maximum is 6 months pay.

This new provision (as of 1995) has been subject to some criticism and ridicule by some Members since its imposition.

The real purpose of a Transition Allowance for elected Members is to recognize the reality that a candidate lives with total indefinicy about his/her future until election night. In most cases candidates are in a race to win and existing Members have already given up a "normal" lifestyle to serve in the Legislature. Obviously when one is "running", he/she intends to return to the Legislature if possible and if the electorate decides otherwise there is a huge precipitous effect on that person's life and career. If one decides not to run in the next election, there is an acceptance that he/she must have been, or at least should have been, making other plans for the future. There would appear to be less logic in providing a Transition Allowance in these cases. For defeated Members, there is obviously a major fork in the road created as a result of the electoral process and very little time to make new arrangements.

However, there is another major factor in the life of elected Members—and that is the effect that 'having served in office' has on a former Member's future employability. It is not always easy to transition from the Legislature and many former MLAs have found that their visibility and role as a Member may open some doors but, more often than not, it contributes negatively to future employment. This has been experienced to differing levels by defeated Members of both out-going and in-coming governments, and to former Members of the Opposition.

It is this Commissioner's opinion that arguments advanced claiming that Members should be treated identically to all other types of employees with respect to Severance or Transition Allowances do not sufficiently take into account this deleterious factor of residual negative employability. For some, there is benefit, but for many there is difficulty in re-entering the workforce. Methods for handling this issue throughout Canada were studied and comparisons are displayed in the following table.

Severance/Transition Pay: Jurisdictional Comparisons

Entity	Severance/Transition Allowance	When Paid	Min/Max Months Pay
Fed. Gov't	50% of full annual compensation (basic is $139,200)	Upon departure, if not entitled to immediate pension	$69,600+
Manitoba	One month basic pay per year of service Minimum 1 month, maximum 6 months	Only if defeated	1-6
BC	One month per year of service Minimum 2 months, maximum 12 months Plus: $5,000 Career Counseling and Training	If defeated, until re-employed, officially retired or for max. 12 months	2-12
Alberta	One month per year of service to 1989 Three months per year after March 20, 1989	If resigns, is defeated, or does not run	0-no limit
Saskatchewan.	One month per year of service Maximum 12 months	If not seeking re-election, defeated or resigned due to illness. *Paid if pension not chosen for period of transition.	0-12
Ontario	One month per year of service, plus $7,000 by invoice Minimum 6 months, maximum 12 months	Upon severance for any reason	6-12
Quebec	Two months indemnity for each year of service	Upon severance for any reason	0-no limit
New Brunswick	One month per session of service	Upon severance for any reason; Unless eligible for MLA pension; Cut in half if MLA resigns voluntarily	0-no limit
Nova Scotia	Years of service x .067 x Ann.indem. + Allowance Min. 25%, max. 100% of Annual Indemnity + Allowance.	Upon ceasing to be a member	3-12
Nfld. & Lab.	One month per year of service; maximum 4 months	If defeated and does not take pension for the first 4 months	1-4
PEI	Nil	N/A	Nil
Nunavut	Six weeks per year of service to a maximum of $70,000 Plus up to $10,000 Transition Counseling within 1 year.	Upon leaving office	0-$70,000
Yukon	Nil	N/A	Nil
NW Territories	One month per year of service, maximum 12 months	If defeated or does not run	0-12

Observations:

Yukon and P.E.I. are the only two entities that do not have a Severance or Transition Allowance for its Members.

3 Provinces/Territories require a Member to be defeated in order to qualify for a Transition Allowance or Severance pay.

9 Provinces/Territories do not require defeat in an election to trigger eligibility for a Transition Allowance.

6 Provinces/Territories have restrictions on eligibility for a Transition Allowance if the Member is immediately eligible for a pension or takes it within 4 months (12 months in Saskatchewan) of leaving the Legislature.

Most entities utilize 1 month per year of service for computation purposes.

Quebec uses 2 months per year of service and has no maximum and pays it for any reason of departure. Twenty years of service would warrant 40 month's of pay.

Alberta has a very lucrative Transition Allowance that substantially counters the non-existence of a Pension Plan. Its allowance is one month per year of service up to 1989, and three months per year since 1989, with no maximum and no reason for departure as a prerequisite. A Member with 20 years of service leaving in 2004 could be eligible for 50 month's worth of pay—that is more than 4 year's worth of pay.

Manitoba presently pays a minimum of 1 month and a maximum of 6 month's basic salary for a departure caused by **defeat only**. Other than PEI and Yukon which have none at all, Manitoba has the least favorable Transition Allowance in Canada. Manitoba's most related neighbor, Saskatchewan, changed its Transition Allowance in February, 2004 by making MLAs eligible who do not seek re-election, or resign due to ill health as well as defeat at the polls. They also increased the maximum months payable from 4 to 12.

Recommendation # 7 - Transition Allowance - Re Section 3.6 of the Members' Guide

That the Transitional Allowance payable upon leaving Member status be revised in accordance with the following schedule:

- ***Computation to be based on one month's basic salary per year of service (with prorating for service less than a year);***
- ***For a Member who resigns voluntarily before an election, amount payable is 0 unless the resignation is triggered by a serious medical problem;***
- ***For a Member who is defeated in an election, the maximum payable be set at 12 months' basic salary;***
- ***For a Member who chooses not to run again in the election or is defeated in the nomination process, the maximum be set at 6 months basic salary;***
- ***A Member is not eligible to receive the Transition Allowance if the Member is drawing Members' Pension during the period of transition;***
- ***For a Member who departs due to disqualification or conviction of a criminal offense the amount payable is 0.***

Rationale:

While this recommendation is far less generous than many Provinces or Territories in Canada, it recognizes the effect that serving in the Legislature as an MLA may have on future employability. It provides for a reasonable level of transition for those Members who have not yet reached retirement age and for those that are reaching retirement age shortly, it provides a small amount of bridging towards that point in time.

At the same time it provides no transition funding for those that do not serve out their full term and provides a partial amount for those who have obviously made alternate plans as signified by not participating in the election. If a serious medical condition prevents a Member from performing his/her obligations and finishing his/her term, he/she will not be unduly penalized. The recommended allowance plan does not reward an individual who becomes disqualified or who is convicted of a criminal act.

IV. Members' Allowances for Expenses

4.1 Reporting and Disclosure Requirements

The Commissioner believes that the existing provisions for reporting and disclosure are reasonable. It is evident from some comments received by the Commissioner that many members of the public are not aware of the obligations and provisions whereby each year there are copies of the annual reports available at a Member's office as well as the Legislature. Additionally, the public is entitled to inspect and have copies of records pertaining to claims paid for reimbursement of expenses for Members. It was also evident that Members are very sensitive to the fact their expenses are subject to public monitoring. It is important to the credibility of the Legislature and its elected Members that the use of taxpayers' money be transparent and traceable. Recent activity at the Federal level only serves to underline this as a hallmark of responsible government.

4.2 Constituency Expenses / Access and Service to Constituents Allowance

Within the global Access Allowance amount (currently at $42,554 per year), Members are funded for four categories of expenditures. They are (1) Office Space Expenses, (2) Office Operation Expenses, (3) Representation Expenses, and (4) Staff Salaries. These categories are required for Members' Annual Reports and are used for other reporting and disclosure purposes. Category (3) Representation Expenses are limited within the total allocation to 10% of the total ($4,256). Also, within category (2) Office Operation Expenses, there is an annual maximum for capital furnishing and equipment expenses of $8,511 representing 20% of the Access Allowance.

Office space costs and constituency employees' salaries and benefits are paid directly by the Legislative Assembly in accordance with office leases and employment contracts. All other categories of expenses are handled by a claim process and the total of all

categories is limited by the overall allowance and the two internal limitations mentioned above.

Observations:

This allowance attempts to deal with a wide variety of expenses within the same limit.

4.2.1 Office space rental costs vary substantially throughout the Province and there is also a huge variance within the City of Winnipeg.

52 of 57 Members have constituency offices with rent payments ranging from $107 to $1,313 per month ($1,284 to $15,756 per year). Some Members choose not to operate a static constituency office and by using modern communication equipment including personal computers and cell phones, are able to operate from their homes, their Winnipeg temporary accommodations and/or their cars. This means that annual office rental costs actually range from $0 to $15,756. This is a deduction from the total Access Allowance of $42,554 so it is easy to see that huge inequities can develop very quickly merely based on office rental obligations/choices.

Staff salaries and all other operating costs are drawn from the same budget so it is not unusual to hear comments from Members that they cannot afford to provide for the staffing patterns they would prefer, and which constituents expect, when so much of the allowance has to go for basic rent.

Monthly Office Rental Costs
The average cost for **Winnipeg** Members' rent is $755 with a range of $230 to $1,313.
The average cost for **Southern** Members' rent is $461 with a range of $107 to $1,070.
The average cost for **Northern** Members' rent is $321 with a range of $209 to $535.
The total of all monthly payments for Members' monthly rental is $31,168.

4.2.2 Office Operating Expenses are the least contentious of this category of expenses and there were very few issues forthcoming from Members that are of an urgent nature. Members would like more flexibility within the total to make internal choices and the capital limit can be cumbersome, especially in the first year of a Member's term. While there are provisions for carryover to aid in the first year set-up costs for office furnishings, etc., it is expecting a lot for one allowance to effectively and practically address such a divergent range of expenditures. Many Members do successfully manage this, but the fact that employees' hours of work serve as the flexible component within the total allocation is less than appropriate.

Capital furnishings and equipment purchased remain the property of the Legislative Assembly. They are inventoried, tagged and depreciated over 3, 5 or 10 years depending on type and normal lifespan. Capital has been defined as anything costing over $100 and this limit has not changed in recent history. The requirement for Assembly Administration staff to track, tag, and depreciate such inexpensive items, many of which have usable life spans of less than 3 years, is onerous and wasteful in the opinion of the Commissioner.

The present treatment of cell phones is a good example of a practice that has not evolved as quickly as the technology itself. Initially cell phones were large, cumbersome and expensive. Now there are many inexpensive and "free" cell phones available with calling plans. The vast number of phone choices available and individual Member preference should not be hindered by an undue administrative restriction. Cell phones are now a very personal item and issues of personal hygiene and the ability to clean and reuse such tiny accessories predisposes a change in the handling of this item.

4.2.3 Representation Expense as one of the 4 components of the Access and Service Allowance is a common category in most (but not all) Provinces and Territories. However, the range of items included within it is quite remarkable. In Manitoba, it can include non-partisan cards, acknowledgements, flowers, gifts to mark special occasions,

flags and other similar greetings to constituents such as framed certificates and birthday greetings. A few Members have provided a cash gift in lieu of flowers or similar gift to constituents celebrating weddings, anniversaries, births, or significant birthdays. Many Members provide annual scholarships or bursaries to students in their constituencies.

Members can claim for meals for two or more persons provided as hospitality in conjunction with the conduct of constituency business, or the bulk purchase of food and non-alcoholic beverages for the purpose of providing hospitality to a number of persons in conjunction with the conduct of constituency business.

Donations to a charity or to a non-profit organization are presently eligible. The Member cannot use the receipt for personal deductibility purposes. The winnings from any raffle tickets purchased must be donated to a registered charity. The item that most people would expect to be financed from this section (provincial pins) are actually now funded from the Office Operation Expenses section—a change primarily triggered by the 10% limit on the Representation component.

Some Members would like to see the internal limits on this allowance removed with resulting increased freedom to utilize the entire amount as they see fit. Some other Members have privately indicated that they utilize the Representation restriction as a limitation method in responding to the never-ending requests for financial support. Without a lower limit it is feared that this section could put undue pressure on the same allowance that has to provide for Office Rent, Operations and Staffing.

The Commissioner feels that there is an issue with cash gifts in lieu of flowers or similar gift to constituents. Monetary gifts utilizing taxpayers money for these purposes have the potential to be more personal and parochial than "serving the constituents in the Legislature"! It appears that most jurisdictions do not allow this practice.

Staff Salary costs also vary considerably throughout the Province and further exacerbate the fact that several expenditures must be funded from the same finite allowance.

There is presently no standard allocation of staff time for constituency offices and each Member has to determine within his/her limitations how much staff time is employed and what the rate of pay is. In some rural areas there is a need for more than one office due to travel distances.

This Commissioner initially expected there to be a more standardized approach to staffing resource allocation. While this appears to be a problem from an external vantage point, most Members strongly expressed the desire that they be allowed to make these individual choices based on their local experience, the local market place and other obligations within the budget. Unfortunately, there was also a common refrain that funding for staff time was the only major flex portion of this budget and that decisions were dictated (especially towards year end) by budget limitations instead of logical office hours and consideration for staff.

Constituency staff members do not benefit from a standardized benefits package and are occasionally subject to early layoff or somewhat indefinite hours of work. For some, this is acceptable, but the Commissioner feels that this issue needs to be addressed and that it should be a topic of discussion for future meetings of LAMC. Constituency staff often represent the first point of contact for the public with their MLAs and government itself. It is the opinion of this Commissioner that staff time availability and fair treatment of staff themselves should be subject to a higher level of concern.

Here are some statistics for 2003/2004 respecting Constituency Staff:

Total # of Members: 57	Total # of employees: 74
Average annual salary: $15,079.65	Salary Range: $1,476.08 to $30,947.54
Average hourly rate of pay: $12.85	Rate of pay range: $7.00 to $16.24
Staff w/4% vacation entitlement: 34	Staff w/6% vacation entitlement: 35 (5 Earned)
Staff w/sick leave: 30	Staff w/o sick leave: 44
Staff w/regular hour contract: 32	Staff w/flexible hour contract: 42

Recommendation #8 - Constituency Expenses / Access and Service to Constituents Allowance - Re Section 4.2 of the Members' Guide

That the following recommendations take effect April 1, 2004:

8 (A) That the annual allowance be changed from a uniform province-wide allowance to a three region allowance as follows: Northern—$43,320
Southern---$45,000
Winnipeg---$48,528
(In order to reflect the differences in average cost of office rental accommodations in each area.)

8 (B) If the office rent exceeds the average rent paid by Members for that zone by more than 20%, that Member may appeal to the LAMC for additional consideration.

8 (C) That the internal limit of 20% for capital be eliminated but the internal limit for Representation Expenses be retained and increased from 10% to 15%, and further that pins and souvenirs be returned to this category.

8 (D) That first year Members be granted an extra one time only $3500 capital for initial office setup.

8 (E) That the above amounts be updated annually on April 1 by the annual change in the Manitoba Consumer Price Index.

8 (F) That the minimum cost for items to be deemed capital be revised upwards from $100 to $150 and be further revised each year in accordance with 8 (C) above.

8 (G) That cell phones under $200 be deemed a consumable item rather than a capital item.

8 (H) That PDAs inclusive of cell phone capability and exceeding the $200 limit above, be deemed computer related equipment.

8 (I) That monetary gifts be removed as an eligible expense under the category of Representation Expenses.

8 (J) That LAMC conduct a review during the next 2 years regarding improving the working conditions and benefits of constituency staff.

4.3 Travel Expenses/Travel Allowance

Present practice:

All Members are eligible to be reimbursed for authorized travel expenses while acting on constituency or Legislative Assembly business. Within the Travel Allowance, out-of-province travel expenses are limited to an annual maximum, currently at $2,322 for the 2003/04 fiscal year.

Members' Travel Allowance amounts are presently determined by their location and the size of their constituency as follows:

a) **Winnipeg Members** (31) have an annual maximum of $3,483.

b) **Southern Members** (22) have a maximum composed of a base amount relative to the size of their constituency plus the value of 52 trips between the Legislative Building and home at government mileage rates. The base amounts are as follows:

$4,643 for constituencies less than 2,500 square kms.

$6,964 for constituencies between 2,500 and 6,000 square kms.

$9,284 for constituencies larger than 6,000 square kms.

The value of 52 trips is added to the above amounts and the present range of total allowance is from $5,219 for Springfield (adjacent to Winnipeg) to $26,017 for Swan River.

c) **Northern Members** (4) are funded to an annual maximum equal to the sum of 52 round trips by air between the Winnipeg Airport and the airstrip nearest the Member's residence in the constituency or where nominated plus a base amount of $11,604. Present Northern Members Travel Allowance entitlements range from $63,864 for The Pas to $88,304 for Rupertsland.

A COLA based on the amount of annual change to the Civil Service mileage rate is used each April 1 to update these base figures and Commuting Allowances for Winnipeg and Southern Members and to the base amount for Northern Members. As well, Northern

Members' Allowance is actualized by updating the regular return airfare costs as of the first of April each year.

Identified Problems:

Southern Members have complained for many years that the allowance does not cover the expenses and obligations and that the total allowance is depleted by the eighth or ninth month of the year. Then they have to dip into their Access Allowance or finance the travel themselves. Recall that the Access Allowance is already under stress from Office Rent and has to cover staff time too. Thus more pressure is put on reducing staff time at the constituency offices.

Members who are obligated to drive thousands of miles on rural and poorly maintained roads feel very strongly that the depreciation and wear and tear on their vehicle is insufficiently addressed, especially for the Members whose extensive driving causes accelerated depreciation in the first few years of vehicle life. Such high mileage severely depletes vehicle values at a rate far in excess of normal vehicle ageing.

Members have extensive travel obligations within their constituencies in addition to the weekly trips to Winnipeg and back. The 52-trip factor also does not address the fact that many Members make the return trip more than once a week. There are constituency obligations and functions/events that predicate their attendance on weeknights. This can increase trip frequency. Travel by Members' assistants representing the Member on constituency business must also be covered by this allowance.

Experience over the past 2 years:

During the **2002/03** fiscal year, 9 of the 31 Winnipeg Members (29%) depleted their Travel Allowance before year-end. Of those, 6 or 67% claimed additional travel costs out of their Access Allowance. 15 of the 22 Southern Members (68%) depleted their Travel Allowance before year-end. Of those, 12 or 80% claimed additional travel costs

out of their Access Allowance. None of the Northern Members depleted their Travel Allowances in 2002/2003.

During the **2001/02** fiscal year, 10 of the 31 Winnipeg Members (32%) depleted their Travel Allowance prematurely. Of those, 7 or 70% claimed additional travel costs out of their Access Allowance. 15 or 68% of Southern Members used up their Travel Allowance early and 10 of those 15 (67%) resorted to using their Access Allowance for the overload. None of the Northern Members fully depleted their Travel Allowance although one had only $3.70 left at year-end.

Another exacerbating factor has emerged in the last few years respecting vehicle insurance. For Members in Territory 2 (Southern Manitoba outside of Winnipeg), auto insurance has typically been lower than that for their Winnipeg counterparts. However, MPIC now surcharges Territory 2 and Northern vehicles if they are regularly driven to work in Winnipeg. The table on the following page demonstrates this factor.

As you will see, insurance on a basic 2002 Pontiac in rural Manitoba, which typically costs less than in Winnipeg, can now cost $148 more than in Winnipeg. This excess cost expands to $256 in The Pas and $469 in Thompson. The civil service mileage rate is the result of a process that is more global than specific and rural and Northern MLAs who already face excessive driving time, mileage and wear and tear on their vehicles, also face the prospect of paying more for their insurance because of the Winnipeg commute.

2002 Pontiac Bonneville 4 Door Sedan	Winnipeg (Territory 1)	Territory 2 (Southern Manitoba outside Winnipeg)			North of 53, South of 55	Thompson
		Russell	Halbstadt	Elgin		
Insurance Premium*	$1,188.00	$1,336.00	$1,336.00	$1,336.00	$1,444.00	$1,657.00
Registration	$83.00	$83.00	$83.00	$83.00	$83.00	$83.00
Total Ins./ Reg. Cost	$1,271.00	$1,419.00	$1,419.00	$1,419.00	$1,527.00	$1,740.00
"Commuter Surcharge"	$0.00	$148.00	$148.00	$148.00	$256.00	$469.00
*All purpose use, $500 Deductible, $200.00 TPL						

Conclusions re Travel Allowance:

The existing Travel Allowance has some serious deficiencies—especially in rural areas and to a lesser extent in Winnipeg. Only the Northern Travel Allowance has sufficiently covered expenses and that is primarily due to the updating process whereby actual airfare costs are factored in every April 1st.

The shortfall is most severe in rural constituencies far from Winnipeg and in large constituencies with vast areas to cover and numerous widely distributed population centres. The problem exists, but to a much lesser extent, within the City of Winnipeg where the distances are much shorter but the frequency of trips is much greater. The process that updates the actual airfare costs each April 1st coupled with a much larger base amount have provided sufficient (but not excessive) travel funds for our Northern Members. Northern Ministers also have access to Ministerial travel resources.

The annual COLA tied to the civil service mileage rate has not served well as the factor used for updating the complete Travel Allowance. Part of that problem is that the mileage rate is tied to negotiations between the Government and the Civil Service rather than to the actual cost factors that such extensive, accelerated mileage has on vehicle operating costs and value. Like this past year, there can be protracted negotiation periods in which no change is made to the base and mileage amounts. While contract negotiations usually feature retroactivity for salary components, mileage rates are rarely retroactive and thus appropriate compensation can be lost for periods of time.

The Commissioner has concluded that improvements can be made to the pertinence of the Travel Allowance by applying variable increments to the base amount and increasing the number of return trips per year.

The Commissioner notes that these allowances will have already been updated effective April 1, 2004 prior to this report being voted on. The Commissioner suggests that the following recommendation replace entirely the current Travel Allowances for all parts of Manitoba effective April 1, 2004.

Recommendation # 9 -Travel Allowance - Re Section 4.3 of the Members' Guide

That the following recommendations take effect April 1, 2004:

9 (A) That the Travel Allowance for Winnipeg Members be set at $3,831 effective April 1, 2004, representing a 10% increase over last year.

9 (B) That the Travel Allowance for Northern Members be updated April 1, 2004 on the basis of existing practice: 6.1% increase on the base amount (representing the increase in the civil service mileage rate) plus the actual return airfare costs for 52 trips.

9 (C) That the annual internal limit for Member out-of-province travel be set at $3000.

9 (D) That the base amounts for all Members and the out-of-province travel limit be updated annually on April 1 by the annual change in the Manitoba Consumer Price Index.

9 (E) That non-Winnipeg Members be allowed to claim for the excess cost of auto insurance precipitated by the "commuting to Winnipeg" factor, in the amount by which the premium exceeds comparable coverage without the commuting factor.

9 (F) That the Travel Allowance for Southern Manitoba Members outside the city of Winnipeg be established in accordance with the recommended 2004/2005 Travel Allowance on the table on the following page.

9 (G) That the mileage (kilometrage) rate used for claiming authorized travel expenses be increased by 0.05¢/km for all kilometers beyond 25,000 in any one calendar year, as mitigation of the accelerated depreciation that vehicles suffer due to such extraordinary annual usage.

TRAVEL ALLOWANCE Non – Winnipeg/Non-Northern Constituencies

		Existing 2003/2004 Travel Allowance				Recommended 2004/2005 Travel Allowance				
CONSTITUENCY	SIZE OF CONSTI-TUENCY IN KM2	BASE AMOUNT	52 ROUND TRIPS	2003/2004 TRAVEL ALLOWANCE		BASE AMOUNT	INC. TO BASE AMOUNT	% INC. TO BASE AMT.	BASE AMT. PLUS 65 ROUND TRIPS	% INC. BASE AMT. PLUS 65 ROUND TRIPS
Brandon West	21.1	$4,643.00	$7,809.00	$12,452.00		$5,107.00	$464.00	9.99	$14,868.25	19.40
Brandon East	52.3	$4,643.00	$7,845.00	$12,488.00		$5,107.00	$464.00	9.99	$14,913.25	19.42
Steinbach	771.9	$4,643.00	$2,447.00	$7,090.00		$5,107.00	$464.00	9.99	$8,165.75	15.17
Selkirk	986.5	$4,643.00	$1,512.00	$6,155.00		$5,107.00	$464.00	9.99	$6,997.00	13.68
Springfield	1,145.70	$4,643.00	$576.00	$5,219.00		$5,107.00	$464.00	9.99	$5,827.00	11.65
Gimli	1,226.00	$4,643.00	$2,519.00	$7,162.00		$5,107.00	$464.00	9.99	$8,255.75	15.27
Portage La Prairie	1,630.10	$4,643.00	$3,203.00	$7,846.00		$5,107.00	$464.00	9.99	$9,110.75	16.12
Pembina	2,018.50	$4,643.00	$4,678.00	$9,321.00		$5,107.00	$464.00	9.99	$10,954.50	17.52
Morris	3,840.50	$6,964.00	$1,080.00	$8,044.00		$8,705.00	$1,741.00	25.00	$10,055.00	25.00
Lakeside	4,356.70	$6,964.00	$2,663.00	$9,627.00		$8,705.00	$1,741.00	25.00	$12,033.75	25.00
La Verendrye	5,071.30	$6,964.00	$972.00	$7,936.00		$8,705.00	$1,741.00	25.00	$9,920.00	25.00
Minnedosa	5,354.40	$6,964.00	$7,809.00	$14,773.00		$8,705.00	$1,741.00	25.00	$18,466.25	25.00
Carman	5,829.20	$6,964.00	$5,758.00	$12,722.00		$8,705.00	$1,741.00	25.00	$15,902.50	25.00
Dauphin-Roblin	7,411.20	$9,284.00	$11,875.00	$21,159.00		$11,605.00	$2,321.00	25.00	$26,448.75	25.00
Emerson	8,022.80	$9,284.00	$3,959.00	$13,243.00		$11,605.00	$2,321.00	25.00	$16,553.75	25.00
Turtle Mountain	8,071.20	$9,284.00	$8,637.00	$17,921.00		$11,605.00	$2,321.00	25.00	$22,401.25	25.00
Ste.Rose	9,428.80	$9,284.00	$7,917.00	$17,201.00		$11,605.00	$2,321.00	25.00	$21,501.25	25.00
Arthur – Virden	9,900.00	$9,284.00	$10,508.00	$19,792.00		$11,605.00	$2,321.00	25.00	$24,740.00	25.00
Russell	12,106.00	$9,284.00	$13,854.00	$23,138.00		$12,069.00	$2,785.00	30.00	$29,386.50	27.01
Lac du Bonnet	13,970.00	$9,284.00	$2,807.00	$12,091.00		$12,069.00	$2,785.00	30.00	$15,577.75	28.84
Swan River	38,273.90	$9,284.00	$16,733.00	$26,017.00		$12,533.00	$3,249.00	35.00	$33,449.25	28.57
Interlake	49,445.90	$9,284.00	$4,858.00	$14,142.00		$12,533.00	$3,249.00	35.00	$18,605.50	31.56
Total All Constituencies		$155,520.00	$130,019.00	$285,539.00		$191,610.00	$36,090.00	23.21	$354,133.75	24.02

TRAVEL ALLOWANCE Non – Winnipeg/Non-Northern Constituencies

		Existing 2003/2004 Travel Allowance			Recommended 2004/2005 Travel Allowance				
CONSTITUENCY	SIZE OF CONSTI-TUENCY IN KM2	BASE AMOUNT	52 ROUND TRIPS	2003/2004 TRAVEL ALLOWANCE	BASE AMOUNT	INC. TO BASE AMOUNT	% INC. TO BASE AMT.	BASE AMT. PLUS 65 ROUND TRIPS	% INC. BASE AMT. PLUS 65 ROUND TRIPS
Brandon West	21.1	$4,643.00	$7,809.00	$12,452.00	$5,107.00	$464.00	9.99	$14,868.25	19.40
Brandon East	52.3	$4,643.00	$7,845.00	$12,488.00	$5,107.00	$464.00	9.99	$14,913.25	19.42
Steinbach	771.9	$4,643.00	$2,447.00	$7,090.00	$5,107.00	$464.00	9.99	$8,165.75	15.17
Selkirk	986.5	$4,643.00	$1,512.00	$6,155.00	$5,107.00	$464.00	9.99	$6,997.00	13.68
Springfield	1,145.70	$4,643.00	$576.00	$5,219.00	$5,107.00	$464.00	9.99	$5,827.00	11.65
Gimli	1,226.00	$4,643.00	$2,519.00	$7,162.00	$5,107.00	$464.00	9.99	$8,255.75	15.27
Portage La Prairie	1,630.10	$4,643.00	$3,203.00	$7,846.00	$5,107.00	$464.00	9.99	$9,110.75	16.12
Pembina	2,018.50	$4,643.00	$4,678.00	$9,321.00	$5,107.00	$464.00	9.99	$10,954.50	17.52
Morris	3,840.50	$6,964.00	$1,080.00	$8,044.00	$8,705.00	$1,741.00	25.00	$10,055.00	25.00
Lakeside	4,356.70	$6,964.00	$2,663.00	$9,627.00	$8,705.00	$1,741.00	25.00	$12,033.75	25.00
La Verendrye	5,071.30	$6,964.00	$972.00	$7,936.00	$8,705.00	$1,741.00	25.00	$9,920.00	25.00
Minnedosa	5,354.40	$6,964.00	$7,809.00	$14,773.00	$8,705.00	$1,741.00	25.00	$18,466.25	25.00
Carman	5,829.20	$6,964.00	$5,758.00	$12,722.00	$8,705.00	$1,741.00	25.00	$15,902.50	25.00
Dauphin-Roblin	7,411.20	$9,284.00	$11,875.00	$21,159.00	$11,605.00	$2,321.00	25.00	$26,448.75	25.00
Emerson	8,022.80	$9,284.00	$3,959.00	$13,243.00	$11,605.00	$2,321.00	25.00	$16,553.75	25.00
Turtle Mountain	8,071.20	$9,284.00	$8,637.00	$17,921.00	$11,605.00	$2,321.00	25.00	$22,401.25	25.00
Ste.Rose	9,428.80	$9,284.00	$7,917.00	$17,201.00	$11,605.00	$2,321.00	25.00	$21,501.25	25.00
Arthur Virden	9,900.00	$9,284.00	$10,508.00	$19,792.00	$11,605.00	$2,321.00	25.00	$24,740.00	25.00
Russell	12,106.00	$9,284.00	$13,854.00	$23,138.00	$12,069.00	$2,785.00	30.00	$29,386.50	27.01
Lac du Bonnet	13,970.00	$9,284.00	$2,807.00	$12,091.00	$12,069.00	$2,785.00	30.00	$15,577.75	28.84
Swan River	38,273.90	$9,284.00	$16,733.00	$26,017.00	$12,533.00	$3,249.00	35.00	$33,449.25	28.57
Interlake	49,445.90	$9,284.00	$4,858.00	$14,142.00	$12,533.00	$3,249.00	35.00	$18,605.50	31.56
Total All Constituencies		$155,520.00	$130,019.00	$285,539.00	$191,610.00	$36,090.00	23.21	$354,133.75	24.02

4.4 Commuting & Contingency Stay Expenses / Commuter Allowance

No changes are recommended for this section.

4.5 Temporary Residence & Living Expenses/Overnight Stay Expenses/Living Allowance/Alternative Living Allowance

Members representing constituencies wholly outside the City of Winnipeg and who maintain a residence that is located outside a 50 kilometer radius from the Legislative Building as well as a residence within the City of Winnipeg, are eligible for a Living Allowance consisting of (a) temporary residence expenses and (b) living expenses.

(a) **Temporary Residence Expenses**: Presently **$994** per month to cover rent, Parking, utilities, telephone services, furniture rental and related furniture rental costs. This has been updated annually by using the Rent Increase Guideline under the Residential Tenancies Act. As of April 1, 2004 this allowance is scheduled to move to **$1009** based on the 1.5% Residential Tenancies rental change factor.

(b) **Living Expenses**: For each month that the Legislative Assembly is in session and for two other months of a Member's choice in any fiscal year, a Member may claim to a maximum of **$594** per month for living expenses such as dry cleaning and laundry services, apartment cleaning services, telephone services, apartment contents insurance, moving expenses and meals. For intersessional months the rate is **$123** per month. As of April 1, 2004 this allowance is scheduled to move to **$605** and **$126** respectively based on a CPI COLA for Manitoba of 1.8%.

The Speaker, Leaders of the Opposition parties, and Members of the Executive Council who qualify for this allowance are eligible all year long due to their continuous responsibilities.

The Commissioner reviewed these allowances and how they have been utilized in the past. There were some questions raised about the appropriateness of renting furniture rather than purchasing it - especially in the case of a long term Member. However, there is no way of predicting the longevity of a Member upon election and barring rent-to-own arrangements it would be difficult to manage more purchased furnishings. The management of Members' office furnishings presents administrative difficulties already and expanding this to residential furniture is not recommended.

The Commissioner did not receive convincing evidence that there is a need to change these allowances by more than the already scheduled increments.

Recommendation # 10 - No Other Change

That unless changed by the foregoing recommendations, the existing salaries, allowances and retirement benefits are to continue.